

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 H-03 FS-01 SCEM-02 OMB-01 TRSE-00 EB-11

L-03 SS-15 NSC-10 INR-10 CIAE-00 NSA-02 INT-08 RSR-01

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R 232114Z JUL 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1389

C O N F I D E N T I A L OTTAWA 1694

E.9. 11652: GDS

TAGS: ENRG, CA, US

SUBJECT: FUEL OIL TRANS-SHIPMENT PROBLEM

REF: STATE 943911

1. WE DISCUSSED CONTENTS REFTTEL WITH P.G. SCOTHMER, OIL POLICY BRANCH, NATIONAL ENERGY BOARD (NEB). SCOTHMER TOLD US THAT UNDER TERMS NEB ACT, ONCE OIL BROUGHT IN CANADIAN TERRITORIAL WATERS (EVEN THROUGH FOR TRANS-SHIPMENT UNDER CUSTOMS BOND) IT CONSIDERED AS IMPORTED INTO CANADA AND THEREFORE SUBJECT TO TEMPORARY EXPORT CONTROLS THAT CAME INTO EFFECT JUNE 15 (OTTAWA 1381). SCOTHMER SAID NEB HAD NO OPTION OTHER THAN SUSPENDING ISSUANCE EXPORT LICENSES UNTIL COMPLETE DATA ASSEMBLED ON CANADIAN HEATING OIL REQUIREMENTS FOR WINTER.

2. NEF CURRENTLY GATHERING STATISTICS ON WINTER HEATING OIL REQUIREMENTS OF THE 30 CANADIAN COMPANIES INVOLVED IN DISTRIBUTION PROCESS. COMPILATION OF DATA EXPECTED TO BE COMPLETED ABOUT JULY 25 WITH NEB DECISION RE FURTHER ISSUANCE EXPORT LICENSES EXPECTED BY JULY 30.

3. SCOTHMER SAID: "WE REALIZE THE ENORMITY OF THE PROBLEM AND THE NEB IS GRAPPLING WITH IT". HE ADDED THAT, IN HIS OPINION, BEST WAY TO SOLVE PROBLEM WAS TO DECLARE THE HEATING OIL DESTINED FOR NEW YORK PORTS AS SURPLUS TO CANADIAN NEEDS BUT SAID THIS
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DECLARATION CAN ONLY BE ON BASIS FIRM DATA ON CANADIAN REQUIRE-

MENTS. WHEN WE SUGGESTED THAT TEMPORARY IMPORTATION UNDER CUSTOMS BOND WOULD APPEAR PROTECT OIL CONSIGNED TO U.S. FROM CANADIAN JURISDICTION, SCOTCHMER REPLIED THAT ACCORDING BRIEFS PREPARED BY NEB LAWYERS, CUSTOMS LEGISLATION REINFORCES NEB CLAIM TO JURISDICTION OVER ALL OIL ON CANADIAN TERRITORY.

4. SCOTCHMER UNDERSCORED HOPE THAT PROBLEM COULD BE WORKED OUT ONCE NEB STATISTICAL HOMEWORK IS COMPLETED AND COUNSELLED PATIENCE. SCHMIDT

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